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## FINANCIAL SERVICES REPUBLICAN MORNING CLIPS 5.08.2009

Washington Post: "U.S. to Wind Down Help for Some Banks ... The government signaled yesterday that its financial rescue efforts may have reached their high-water mark, announcing that the much-anticipated "stress tests" of 19 large banks showed that only one, GMAC, was likely to need additional taxpayer aid and that it would begin to unwind assistance for the healthiest firms."

Washington Post: "Major Banks Negotiate, Spin, Chafe at Stress-Test Results ... Some major banks managed to wrest concessions from the government in closed-door negotiations over their "stress tests" that helped them put the best face on their results, financial analysts, industry officials and sources said."

Washington Post: "FHA Seeks \$800 Million to Cover Losses ... Because of falling home values, the Federal Housing Administration plans to ask Congress for nearly \$800 million in taxpayer money to buttress a mortgage program for seniors."

Washington Post, Mallaby: "Stress Tests Forever ... Stress-testing top banks has turned out to be a terrific stress reducer. Like a medical patient who takes off on a euphoric binge after the biopsy comes back negative, bank stocks have staged a heady rally, driving a broad recovery in the markets and talk that the end of the recession may be nigh. But the real significance of the stress tests goes deeper. They answer the perplexing long-range question: When the financial system emerges from this crisis, how can it be prevented from blowing up again?"

Washington Post, Editorial: "Stress Tests ... So what have we learned from this exercise? The Treasury Department would like the results to reassure investors. It will be up to investors to determine whether they are buying the government's optimistic take."

Wall Street Journal: "Fed Sees Up to \$599 Billion in Bank Losses ... The federal government projected that 19 of the nation's biggest banks could suffer losses of up to \$599 billion through the end of next year if the economy performs worse than expected and ordered 10 of them to raise a combined \$74.6 billion in capital to cushion themselves."

Wall Street Journal: "Now, With Strong and Weak Separated, a Race to Raise Capital or Repay TARP ... With the stress tests under their belts, the nation's 19 biggest banks started the race to raise required capital or repay the funds they received under the Troubled Asset Relief Program."

Wall Street Journal, William Seidman: "The FDIC Needs More Good Hands ... To help rescue the financial system from its current mess, the FDIC's duties now include running the auction of toxic real-estate assets held by financial institutions, setting up a bigger guaranty program to leverage asset purchases, and operating a loan guaranty plan for banks."

Financial Times: "AIG blames market disruption for loss ... American International Group reported a \$4.35bn net loss in the first quarter, reflecting continuing markdowns of the value of credit insurance sold by its financial products unit."

Financial Times: "Painful lessons for lenders in Chrysler debacle ... Investors - some of whom claim to have received death threats - say the deal is unfair because it does not honour their rights as senior lenders to get paid before other claims, such as a union benefit plan, are met. They also argue that the deal was orchestrated by the US government, which held sway over the majority of the other lenders, namely a group of banks, following widespread bail-outs."

New York Times, Krugman: "Stressing the Positive ... In the end, the actual release of the much-hyped bank stress tests on Thursday came as an anticlimax."

Los Angeles Times: "SEC cracks down on investment fraud ... Stung by criticism that the Securities and Exchange Commission failed to prevent Bernard L. Madoff's massive Ponzi scheme, the agency has stepped up enforcement efforts to crack down on investor fraud and other scams."

Los Angeles Times: "Cuomo subpoenas debt settlement firms ... Five companies in California are among those named by New York Atty. Gen. Andrew Cuomo, who calls it a 'rogue industry.'"

Reuters: "BofA needs \$33.9 billion, eyes stock and asset sales ... Bank of America Corp, ordered by the government to find \$33.9 billion of capital, said on Thursday it planned to sell assets and issue more common stock to cover the shortfall."

Reuters: "American Express files for permission to repay TARP ... American Express Co (AXP.N) asked on Thursday for permission to repay the \$3.4 billion in TARP funds it received, after the U.S. government stress test showed the credit card firm is well capitalized."

Bloomberg: "Friedman Quits New York Fed on Concern About Goldman Sachs Ties ... Stephen Friedman, chairman of the New York Federal Reserve Bank's board of directors, quit effective immediately to avoid the appearance of a conflict of interest over his ties to Goldman Sachs Group Inc."

CongressDaily: "Supporters Hope Mortgage Bill's Margins Motivate Senate ... With a healthy vote in support of their measure to curb predatory home loans and prevent abuses that led to the subprime mortgage meltdown, House Democrats said Thursday that they were hopeful Senate Banking Chairman Christopher Dodd will move companion legislation."

CongressDaily: "Hedge Fund Industry Says Registration Fine, But No Further ... Representatives of the hedge fund industry told the House Financial Services Capital Markets Subcommittee Thursday that operators of the now-unregulated funds are willing to register with the SEC, although they do not believe further federal regulation is necessary."

CBSNews: "Chrysler Bankruptcy Exposes Dirty Politics ... Obama Calls Creditors Who Lent Money To Chrysler 'Speculators,' But What About the Rule Of Law?"

The Hill: "\$75B needed for banks, but Congress not in the picture ... The nation's largest banks need to raise \$75 billion in equity, federal regulators said on Thursday, but the administration has no plans to return to Congress for new money to stanch the financial crisis."